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Report of the Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

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Summary

The present report of the Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) describes the activities of the Group during 2011 and provides a detailed outline of the current financial situation of UNRWA. The Working Group unanimously adopted the report at its meeting on 18 October 2011. As in previous reports of the Group, the present report closes with a number of concluding remarks addressed to all Member States.

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I. Introduction

1. The Working Group on the Financing of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) was established by the General Assembly under resolution 2656 (XXV) to study all aspects of the financing of the Agency. In that resolution, the Assembly requested the Working Group to assist the Secretary-General and the Commissioner-General of UNRWA in reaching solutions to the problems posed by the Agency's financial crisis. UNRWA was established under General Assembly resolution 302 (IV), and its mandate was renewed most recently by the Assembly in its resolution 65/98.

2. The Working Group consists of the representatives of France, Ghana, Japan, Lebanon, Norway, Trinidad and Tobago, Turkey, the United Kingdom of Great Britain and Northern Ireland and the United States of America. The Working Group is currently chaired by Ertuğrul Apakan of Turkey.

3. At its twenty-fifth session and all those that followed, the General Assembly considered the reports submitted to it by the Working Group (in 2010, A/65/551) and adopted resolutions taking note with appreciation of the efforts of the Working Group (in 2010, General Assembly resolution 65/100).

II. Activities of the Working Group in 2011

4. The first regular session of the Working Group was convened on 15 September 2011. The meeting was held at the expert level and provided an opportunity for the members to hear from the Director of the UNRWA Representative Office in New York about the Agency's grave financial situation and to receive an update on the situation in the UNRWA fields of operation. The Director also updated the participants on the progress made on the request for additional funding from the United Nations regular budget, which emanated from the efforts of the Working Group in 2009. The Working Group met at its second session on 30 September and at its third session on 6 October to discuss its report in greater depth. The Working Group agreed on and adopted the present report on 18 October 2011.

III. Financial situation of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

5. The Agency's cash and in kind General Fund for the biennium 2010-2011 amounts to $1,226.7 million, of which the cash component for its programme requirements was $598.5 million for 2010 and $621.2 million for 2011. In addition, the programme budget for 2011 includes in kind assistance amounting to $3.5 million. Given its unusually dire financial outlook, in December 2010 the Agency reduced its programme requirements for 2011 by $53.2 million to $568.0 million, which includes funding of $30.8 million from United Nations assessed contributions to cover the cost of 133 international posts funded from the regular budget for the biennium 2010-2011. Against this reduced budget, as at August 2011, UNRWA expected a deficit at year's end of $47.6 million. With the expected deficit representing approximately one month's operating costs of $48.0 million, the Agency will not be in a position to fund the December 2011 payroll and other projected operational activities.

6. The Agency provided details to the Working Group on the extent and nature of the funding crisis that it faces and on the renewed efforts it is making to address the issue. UNRWA is deeply thankful to its donors for their generous contributions, particularly given the financial crisis worldwide. In 2010, generous donors came forward with substantial additional contributions, which allowed UNRWA to close its financial gap. In 2011, however, the Agency has been warned that many of the traditional UNRWA donors would not be able to step in owing to their own budget constraints. This is extremely worrying for UNRWA, which relies almost entirely on voluntary contributions to fulfil its mandate and meet the basic needs of a growing and increasingly marginalized Palestine refugee population. Higher and more predictable income remains critical, as shortfalls of the kind witnessed in 2010 have become structural. As expected, these shortfalls have continued, and 2011 will again be a very difficult year financially, as almost certainly will be the biennium 2012-2013. Since approximately 80 per cent of the Agency's General Fund expenditure relates to staff costs, which tend to increase as the refugee population grows each year, it has been difficult to reduce spending to meet short-term cash-flow requirements. Increased funding is required, particularly during the first quarter of the year, when the inflow of donor contributions is traditionally low while the Agency's costs are structurally high and fixed. The Agency renewed its appeal to donors to make additional efforts to fully fund the General Fund budget, on the grounds that UNRWA represents the principal source of basic services for the Palestine refugee population. The continued commitment of the international community to the refugees remains essential in the absence of a just and durable solution to their problem and in the light of the continuing conflicts in the region, which have had devastating economic and social effects.

7. The Agency informed the Working Group that, in addition to undermining the quality of and access to UNRWA services, the lack of funding had resulted in increased hardship for staff because of the Agency's inability to raise salaries fully in line with public sector pay increases in the host countries in which it operates. There are concerns that the Agency's continued inability to increase staff salaries to match inflation may pose additional challenges in the delivery of services. The lack of financial resources is also jeopardizing the ability of the Agency to fully implement the major management reforms undertaken under the organizational development initiative in the 2007-2009 period and continued and deepened under the "Sustaining change" initiative. Building on these basic management reform and strategic planning measures, the focus of the reform efforts over the coming years has been to improve the delivery of health, education, and relief and social services and to strengthen the Agency's resource mobilization and strategic communication capacity. This is detailed in the "Sustaining change" document shared with the Agency's Advisory Commission at its meeting in Jordan on 21 and 22 June 2011. Finally, the deficit is making it difficult for UNRWA to comply fully with initiatives mandated by the General Assembly, such as the International Public Sector Accounting Standards, the United Nations minimum operating security standards and the reform of internal justice, as well as the badly needed acquisition of an enterprise resource planning data management system. As mentioned in the 2010 report of the Working Group, an enterprise resource planning system would enable the Agency to manage its resources better and improve its comprehensive reporting to donors. Despite the challenges of being without an enterprise resource planning system, the Agency has embarked on an ambitious and extremely challenging plan to become compliant with the International Public Sector Accounting Standards by

the end of 2011, two years ahead of the revised deadline set by the Secretary-General. If it achieves this plan, it will be the only United Nations agency to have done so without an enterprise resource planning system.

8. The capital requirements of UNRWA programmes, as well as expenditure related to environmental health improvements and shelter rehabilitation, are mainly contained in the Agency's project budget. These requirements include the construction and expansion of schools, health centres, water and sanitation facilities, and camp improvement activities in general. The project budget was set at $228.8 million for 2011, of which $78.3 million (34.2 per cent) had been pledged by donors as at 30 September 2011, and funds received amounted to $25.3 million, leaving a deficit of $150.5 million in terms of pledges and $203.5 million in terms of contributions received. The Working Group is concerned about the inadequacy of project funding in view of the Agency's urgent need to construct new facilities and upgrade existing ones in order to enable it to meet the needs of a growing population, arrest the deterioration of the old installations and deliver quality services to refugees.

9. The Agency informed the Working Group of the fund-raising challenges that it faces, which include the need to: (a) increase substantially the level of funds received from existing donors and expand the donor base that contributes to the Agency's General Fund, as well as to projects and emergency appeals, including through partnerships with the private sector and foundations; (b) restore the financial health of the Agency by ensuring predictable and sustainable funding at appropriate levels; (c) re-establish an adequate working capital reserve; (d) communicate in a more strategic manner through the development of a stronger single corporate identity and the use of innovative technology; and (e) reorganize its resource mobilization and strategic communications structures, so as to be able to seize opportunities more systematically and market the Agency in a more proactive and creative way.

10. The Agency updated the Working Group on some of the steps that it had undertaken to improve its strategic approach to resource mobilization. During the reporting period, the Agency restructured its External Relations Department into an External Relations and Communications Department. Seeking to enhance its partnership capacity with a range of governmental, non-governmental and private sector actors, in line with current global United Nations practices, the Agency is currently establishing a Partnership Unit based in the Department. The Agency is thus incorporating strategic communications and partnership into its fund-raising efforts. The new Director of the Department has developed an outline strategy for resource mobilization, which was shared with the Advisory Commission of UNRWA in May 2011. Part of the strategy is to put in place action plans for emerging markets and individual philanthropists with a view to further broadening the donor base. In addition, the Agency has reported the signing of four new multi-year agreements with Australia; Flanders, Belgium; Finland; and Switzerland since the beginning of 2010, to add to those already signed in recent years with the European Commission and the United Kingdom. These measures will provide more predictable funding to the Agency. UNRWA has also strengthened the capacity of its Representative Office in Brussels and that of its Arab Partners Unit in Amman to work with its Arab donors and has opened a small representative office in Washington, D.C., to act as a source of information about UNRWA for key

governmental and non-governmental stakeholders in the United States, including the media.

11. For the third consecutive year, the Agency's working capital, which had to be used in the past to compensate for shortfalls of income against expenditure, is now virtually exhausted. The Agency began 2011 with a working capital of $41.8 million (equivalent to less than one month's average expenditure). If the forecast funding gap of $47.6 million were to materialize at the end of 2011, UNRWA would be faced with a working capital deficit of $5.8 million. Its working capital reserve therefore needs to be replenished as a matter of high priority. Given the Agency's rigid cost structure and unpredictable funding environment and in line with common public and private best practices, UNRWA estimates that it would be prudent to maintain the equivalent of at least three months' cash requirement. With a monthly cash outflow of around $48.4 million, comprising $37.0 million in staff costs and $11.4 million in non-staff costs, and an expected working capital deficit of $5.8 million, an injection of about $145 million in working capital is required to create a safety cushion for the Agency's finances.

12. The Agency expressed its concerns to the Working Group regarding the unfunded provision of severance payments, audited to be $330 million as at 31 December 2010 (an increase of $103 million compared with $227 million as at 31 December 2009) based on the current costs and UNRWA Staff Regulations and Rules. If UNRWA in future is required to show greater flexibility in the efficient use of staff, an immediate requirement will be the availability of sufficient funds to effect severance payments. UNRWA thus wishes to bring to the attention of the General Assembly the need to identify potential sources of funding that could be made available to finance UNRWA severance payments, on a standby basis and if required.

13. The Working Group recalled its conclusions at its extraordinary meeting in June 2009 (see A/64/115), in which it highlighted the inadequacy of the current level and scope of funding from the United Nations regular budget to meet contemporary demands on the Agency's management. Subsequently, the Secretary-General, in his report on strengthening the management capacity of UNRWA (A/65/705), proposed that funding for UNRWA from the regular budget be augmented on an incremental basis over the four succeeding bienniums, starting with an increase of $5 million for 2012-2013. The General Assembly, in its resolution 65/272, stressed that approval of funding for 2012-2013 and future bienniums, taking into consideration the recommendations in the report of the Secretary-General, was subject to justification in the context of the proposed programme budget for the relevant bienniums and consideration thereof by the Assembly. The Advisory Committee on Administrative and Budgetary Questions has considered the recommendations of the Working Group and will make its own recommendation to the General Assembly. The Working Group welcomed the steps being taken by UNRWA to bring to the attention of the Assembly, as a matter of urgency, the need to rectify the structural imbalance existing between the Agency's forecast income and planned programme and administrative expenditure. The Working Group encourages Member States, in the context of the Fifth Committee, to consider the request of the Secretary-General for additional funding for UNRWA.

14. The Working Group was informed that, as at 31 December 2010, the Palestinian Authority owed approximately $39.1 million in value added tax

reimbursements to the Agency, an increase of 12.4 per cent over the amount of approximately $34.8 million owed on 31 July 2009. This represents the largest amount ever owed by the Palestinian Authority to the Agency. UNRWA also noted that it continued to be concerned about port and related transit charges and the financial burden caused by Israeli security procedures for humanitarian goods imported through Israel. The Government of Israel continued to impose transit charges on shipments entering the Gaza Strip, obliging UNRWA to pay $362,002 between 1 July 2010 and 30 June 2011. In the Agency's view, the charges are a direct tax from which it ought to be exempt under the 1946 Convention on the Privileges and Immunities of the United Nations. Owing largely to the closure of the Karni and Sofa crossings and the requirement from June 2007 to palletize all container shipments, the Agency's excess operating charges in 2010 for the storage, demurrage, transportation and palletization of over 1,010 containers totalled some $1.9 million. In the first six months of 2011 alone, excess charges for about 1,365 containers amounted to some $2.3 million. The Agency considers that, for substantial periods, the throughput of goods was not consistent with the obligations of Israel under the Comay-Michelmore Agreement of 1967 and its obligations under international humanitarian law. In this regard, the Working Group calls upon all parties concerned to facilitate the mission of UNRWA to provide humanitarian assistance to the Palestine refugee population and to minimize the cost of the process.

15. To respond to the construction needs in Gaza, in particular the damage caused by the Israeli military operation that began on December 2008 and fighting in Gaza that continued until 18 March 2009, UNRWA prepared a recovery and reconstruction plan in March 2009. As outlined in the plan, the Agency intends to build 100 schools and 10,000 shelters in order to ensure universal access to education for refugee children and to provide new shelters to those who have lost their homes or live in unsafe and unhealthy conditions. The plan also involves the construction of a dedicated teacher training college, six health centres and critical water and sanitation infrastructure. The total cost of the plan is estimated at $661 million and includes projects frozen since 2007. These projects are essential for the rehabilitation and expansion of the Agency's education, health and sewage infrastructure, as well as rehousing for refugees who have lost their homes and are living in unacceptable conditions. As at 21 September 2011, 73 UNRWA construction projects (28 per cent of the recovery and reconstruction plan) worth $187 million had been approved by the Israeli authorities, including 42 schools out of 74 submitted to date. Another 47 submitted UNRWA projects worth $163 million were under the review of the Coordinator of Government Activities in the Territories, including 3 fully funded large-scale housing projects, a teacher training college, water and sanitation infrastructure rehabilitation and 32 schools. Of the approved projects, 12 had been completed, while the remaining 61 projects were either ongoing (22) or pending (39) owing to a lack of donor funding and incomplete contract documentation. Hence, for the first time since June 2007, UNRWA was able to complete suspended projects for its beneficiaries.

16. The Agency estimates that the implementation cost of projects halted in 2007 will be 30 per cent higher than the original budget. The continued need to secure project-by-project approval for the necessary reconstruction materials, effectively the need to account for every bag of cement, and the time involved in the coordination of imports with Israeli authorities will cost UNRWA an estimated

$1.3 million per year. Under the current access regime, Kerem Shalom is the only operational crossing for such transfers, with a current ceiling of 100 trucks of aggregate per day. Under such restrictions, if UNRWA is to implement its Gaza reconstruction over a three-year period as planned, it would need the exclusive use of the Kerem Shalom aggregate capacity for 8.5 months each year, although with planned upgrades this may be ameliorated. Moreover, the distances and capacity constraints involved at Kerem Shalom have led to additional transportation, storage, demurrage and palletization costs. The Working Group reiterates its concern at the progress in lifting remaining restrictions on and removing obstacles to the timely entry of material imposed by capacity constraints at the crossing point and urges the Government of Israel to expedite its efforts to ease restrictions and increase the amount of goods entering Gaza. The Working Group stresses that further progress is needed to address the situation in Gaza and underscores the importance of the full implementation of Security Council resolutions 1850 (2008) and 1860 (2009). Emphasizing the need to ensure the sustained and regular flow of goods and people through the Gaza crossings and the unimpeded provision and distribution of humanitarian assistance throughout Gaza, the Working Group highlights that the import restrictions render the population even more reliant on UNRWA services. The Working Group recognizes the vital role played by UNRWA in providing humanitarian and economic assistance in Gaza.

17. In the West Bank, a relative easing of closures between Palestinian communities on the eastern side of the separation barrier and a rise in the 2010 macroeconomic indicators, with growth reaching 7.6 per cent of gross domestic product,[1] led to improvements in socio-economic and living conditions in some communities. However, these benefits were felt less by Palestinians residing in Area C or between the barrier and the Green Line. The situation was similarly grim for East Jerusalem residents, who continued to be subject to tight restrictions on their movement and access and, in certain instances, to house demolitions, repeated displacement and increasing incidents of settler violence. Rising unemployment and lower real wages affect in particular Palestine refugees, who are often the poorest in their community, deepening their dependence on UNRWA.

18. The Working Group noted that in December 2010, UNRWA had launched an appeal for $379.7 million to address the emergency needs of Palestine refugees in the occupied Palestinian territory, comprising approximately $300 million for Gaza and $79 million for the West Bank. By 30 September 2011, UNRWA had received pledges totalling only $145 million, which represents less than half of the total appeal and falls short of meeting the basic needs of the 1.9 million registered refugees, or approximately half of the total population of Gaza and the West Bank, whose living conditions have continued to decline. Considering the deterioration of the socio-economic conditions in Gaza and the West Bank, the donor response to date has been disappointing. The lack of funding jeopardizes food aid, psychosocial assistance, temporary employment and cash assistance programmes, all of which are needed to mitigate the worst effects of the protracted crisis on poor families. Through the systematic monitoring and reporting of conditions, the emergency programmes also address human rights concerns and attempt to ensure that there is no abuse of UNRWA facilities.

[1] World Bank, "Building the Palestinian State: Sustaining Growth, Institutions, and Service Delivery", "Economic Monitoring Report to the Ad Hoc Liaison Committee", 13 April 2011.

19. The Agency also provided an update to the Working Group on the situation and financial challenges it is facing in Lebanon. The fierce conflict from May to September 2007 in and around the Nahr el-Bared refugee camp in northern Lebanon, between the Lebanese Army and a terrorist militant group known as Fatah al-Islam, resulted in the destruction of the entire camp, leaving 27,000 people displaced and homeless. Severe damage was also caused to adjacent areas. The task of rebuilding the Nahr el-Bared camp and caring for some 27,000 displaced refugees is one of the largest ever undertaken by the United Nations. The majority of these displaced persons are still living in temporary accommodations. Most are renting their own lodging, supported by UNRWA rental subsidies, while others are living in constructed temporary shelters or in collective centres leased and modified by the Agency. Donors have responded relatively generously to the three appeals launched so far by UNRWA to support those displaced. The Relief and Early Recovery Appeal, which originally covered a 16-month period up to the end of 2009, sought $42.7 million. By the end of 2009, $28 million (65 per cent) had been received. In 2010, UNRWA received $17.6 million for its core relief and recovery activities. While UNRWA did not launch another appeal in 2011, its relief operations require $18.5 million for the year. Assistance for temporary accommodation, food and hospitalization, as well as for other regular expenses, such as water and power supplies and the maintenance of temporary shelter facilities, must continue in 2012 and onward until the camp is rebuilt, at an estimated cost comparable to that incurred in 2011. UNRWA will have to continue to provide relief support to the displaced families of the camp until its full reconstruction. The time frame for the progressive reduction and eventual cessation of this relief support is entirely conditional on the speed of progress in the reconstruction, which in turn depends largely on the availability of further donor funding.

20. At the Vienna donor conference for the Nahr el-Bared camp, held on 23 June 2008 together with the Lebanese Government and the World Bank, a joint appeal for $445 million was launched. The UNRWA component of the appeal for the reconstruction, which is divided into eight phases, or "packages", amounts to $327.7 million, in addition to $17 million for pre-reconstruction operations (rubble removal and demining). Including funds received through the World Bank-administered multi-donor trust fund, as at 30 September 2011, firm pledges totalled $161.5 million. While the amount contributed to date is sufficient to cover the construction of residential and commercial units and related infrastructure outlined in packages 1, 2 and 3 and most of package 4, as well as four out of six school buildings and one health centre within the UNRWA compound, the balance of $183.3 million required to complete all eight packages (53 per cent of the total) still needs to be raised. As at 30 September 2011, 317 families had received the keys to their reconstructed homes in package 1, and 56 local business owners had been able to return. This modest step represents the initial phased return of the displaced residents of the Nahr el-Bared camp, following over four years of displacement and reconstruction efforts by UNRWA.

21. The Working Group encourages UNRWA to continue with its comprehensive camp improvement initiative, which seeks to upgrade living conditions in the other 11 Palestine refugee camps in Lebanon, a project fully supported by the Lebanese Government. In December 2010, a socio-economic survey of Palestine refugees in Lebanon conducted by UNRWA, in partnership with the American University of Beirut, revealed that 66.4 per cent of Palestine refugees in Lebanon are poor and

6.6 per cent are extremely poor. On the basis of those findings, UNRWA is developing a programmatic response to address the issues of shelter, health, food security and employment. In this regard, a special appeal will be launched in the latter part of 2011 for financial support from the international community. Finally, the Working Group welcomes the amendments to the employment legislation adopted by the Lebanese Parliament on 17 August 2010, granting additional employment rights to Palestine refugees, as a step in the right direction, and encourages the recently formed Government to ensure the implementation of the decree.

22. Since March 2011, the situation in the Syrian Arab Republic has presented new challenges for UNRWA. As a consequence of the changes in its working environment, the Agency has had to postpone some activities and adapt its programmes to respond to new needs, including the need for remedial education to help make up for missed classes and supplementary cash assistance for newly vulnerable families. The Working Group takes note of the additional financial requirements of the Agency and welcomes indications by some Governments, as well as the European Commission, of new funding for these activities. It also encourages other Governments to further assist the Agency with its increasing needs in the Syrian Arab Republic.

IV. Concluding remarks

23. The Working Group reiterates its belief that UNRWA plays a vital role in providing assistance to the Palestine refugees, as well as in preserving the stability and security of the region. To meet this strategic goal, adequate funding of the Agency's programmes, in accordance with the changing needs of the refugee community and in line with the comparable level of services provided by host authorities to their own citizens, is essential. In this regard, the Working Group welcomes the efforts of UNRWA to build on the reforms detailed in its "Sustaining change" plan, focus on implementing changes at the programme and management levels and pursue a more aggressive resource mobilization strategy.

24. The Working Group notes with grave concern the exceptionally large funding gap anticipated for the UNRWA General Fund not only in 2011 but also for the next biennium and reiterates that it is the responsibility of the international community to ensure that UNRWA services are maintained at an acceptable level, in quantitative and qualitative terms, and that funding keeps pace with the changing needs and growth of the refugee population.

25. The Working Group also notes with serious concern the structural nature of the Agency's financial crisis, whereby its General Fund is underfunded year after year, leading it to finance its annual deficit partly by spending its working capital, now virtually depleted. It welcomes the conclusions and urges all United Nations Member States to consider carefully the recommendations contained in the report of the Secretary-General on strengthening the management capacity of UNRWA. The Working Group reiterates its serious concern that if adequate resources are not provided to the Agency, not only will the achievements from the comprehensive reforms of the Agency's work currently being undertaken by its management be put at risk, but the capacity of UNRWA to fully implement its mandate will also be jeopardized.

26. In view of the difficult humanitarian conditions in the occupied Palestinian territory, the Working Group recognizes the essential humanitarian role played by UNRWA emergency operations in alleviating the hardship of the refugees and in mitigating further decline in their living conditions. It thus urges all potential donors, traditional and non-traditional, to redouble their efforts to fully respond to the Agency's emergency appeals for 2011.

27. The Working Group reiterates its concern at the continued tight restrictions on the movement of UNRWA staff and humanitarian goods into and out of the occupied Palestinian territory and between its parts. It calls upon the Government of Israel to accord the Agency free and unfettered access and, in this regard, to further simplify the approval process by which the Agency transports humanitarian materials into Gaza. The Working Group supports further opening the Gaza crossings to allow the unimpeded flow of humanitarian aid, commercial goods and persons to and from Gaza, consistent with Security Council resolution 1860 (2009).

28. The Working Group commends the Commissioner-General and all UNRWA staff for their tireless efforts over the past year to maintain the regular and emergency services of the Agency under very difficult operational circumstances. In particular, it commends the Commissioner-General for the Agency's fund-raising efforts, which enabled the Agency to continue its operations during the latter half of 2010, and his commitment to keeping major donors and host authorities informed and involved, which opens new avenues of support and funding. The Working Group is gratified by the support of a growing number of non-traditional donors and encourages UNRWA to continue its efforts to widen the donor support base.

29. The Working Group calls for the early and complete fulfilment of outstanding donor pledges to UNRWA. It also takes note of the importance for the Agency's planning purposes of early payment of pledges, coupled, where possible, with multi-year commitments of funds.

30. The Working Group welcomes the Agency's financial reforms and increased transparency, which have put it at the forefront of the United Nations agencies, being one of the few that have effected a hard close of monthly accounts, which is a step forward acknowledged by the Board of Auditors. The Working Group reiterates the Advisory Commission's support for these reforms, especially the introduction of monthly financial reporting since April 2011, reflecting financial performance by resources, strategic objectives and programmes; balance sheet; cash flow; and Agency head count. It particularly welcomes UNRWA sharing this report with its donors, thereby increasing transparency.

31. The Working Group notes with concern the lack of funding for UNRWA projects, which constitute the third portal (the General Fund and emergency appeals being the first and second portal, respectively) through which the Agency receives funding. It encourages all Governments to consider increasing their funding to these portals. In particular, the Working Group is alarmed by the little funding received to date for the reconstruction of the Nahr el-Bared camp in Lebanon, the Agency's largest project ever. The Working Group calls upon all donors, including countries in the Middle East region, to lend their full support to the reconstruction and relief operations until the camp is rebuilt, as failure to do so might have serious consequences for the security of the refugees and the stability of Lebanon and therefore of the region.

32. The Working Group reiterates that humanitarian problems faced by the Palestine refugees today must be addressed as a shared international responsibility pending a final and comprehensive settlement of the Israeli-Palestinian conflict. The services provided by UNRWA must be viewed as the minimum required, enabling the refugees to lead productive lives. Any reduction in those services would not only unfairly deprive them of the minimum level of support to which they are entitled but could also have a destabilizing effect on the entire region. Above all, the Working Group expresses the hope that the international support for UNRWA embodied in the resolutions adopted each year by the General Assembly, in which the Assembly recognizes the importance of the work of the Agency, will be translated into increased financial support to ensure the continuation of the Agency's work on a sound financial basis.

33. The Working Group strongly urges all Governments to bear in mind the foregoing considerations when deciding upon the level of their contributions to UNRWA for 2011 and 2012 and once again:

(a) Urges those Governments that have not yet contributed to UNRWA to do so on a regular basis;

(b) Urges Governments that have so far made only relatively small contributions or else contributions that have not kept up with increased needs to raise the level of their support;

(c) Urges Governments that in the past have made generous contributions to UNRWA to continue to do so in a timely manner and to strive to increase them;

(d) Urges Governments that traditionally have shown special interest in the welfare of the Palestine refugees, both in the region and beyond, to begin contributing to UNRWA or to increase their contributions;

(e) Urges Governments to fully fund the UNRWA budgets for 2011 and for the biennium 2012-2013 to ensure that the real value of contributions to the Agency is maintained and that donor support for emergency-related and special projects does not in any way decrease contributions to or divert them from its General Fund;

(f) Urges donor Governments, where possible, to provide incrementally increased multi-year funding to allow UNRWA to better plan its activities;

(g) Urges all Member States to consider the Secretary-General's recommendation to increase the funding to UNRWA from the United Nations regular budget, without an overall increase in the latter;

(h) Highlights the need to identify potential sources of funding to meet the severance payment obligations of UNRWA when these are needed.